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23 September 1970

Hal

25X1 [redacted] asked that I send you a note of the factors used to calculate the per page costs for computer output. They are as follows:

1.	Cost of paper (one page) =	7/10¢
2.	Print one page =	3 ¢
3.	Set-up =	3/10¢
	Total	4 ¢

As you know we had a 2,000 page cut off for a change in price per page on our first price of paper. When we started to fool around with various reports, we found that the cost per page for reports over 2,000 pages in length was really four and a fraction. The shorter reports turned out to be five and a small fraction. Our conclusion was that five cents a page made sense for all single copy reports.

We went through essentially the same exercise for multiple copy reports. These reports are more expensive because additional time and manpower is required to burst, bind, decollate (take out carbons) and drill. Our figures indicated this additional cost to be about 2¢ a page. We calculated several different varieties of multi-copy reports. Each time the average cost per page came out to be about 3¢ per page of each copy. We concluded that it made sense to use that figure.

I believe you can see that these are not highly precise figures. The complications of getting to an absolute value are rather formidable. For example the computer main frame is a rental cost. Peripheral equipment, some of the tape stands, discs, and in one case, the printer are owned by the Agency. In order to be precise, we would have to know whether or not the equipment used to

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print the report was owned or rented. This seemed a little silly. Additionally, programming costs are very variable. Some of the programming was done 8 to 10 years ago in machine code, some of it was done in assembly language and some in COBOL. Each of these programming techniques is calculated at a different hourly rate and at a different level of productivity. We were quite happy to get that problem put aside.

Some specifics about each of the three costs listed above:

Paper - single part paper is less expensive than multi-part paper. Each additional carbon and page costs more money. Our cost per page represents an average based on a cost of $20.00 a carton for paper. The actual costs range from $15.00 to $30.00 a carton.

Printing - We included a value for everything involved in printing -- computer time, operator time, etc. The hourly rate is $25.00 which includes the kinds of things just mentioned. This rate applies to those machines used for printing the 360/20 and the Spectra 70/35.

Set up varies with the job, but generally it includes tape or disc mounting and printer set up.

I have already described the additional cost incurred for multi-copy reports.

[redacted] 25X1

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